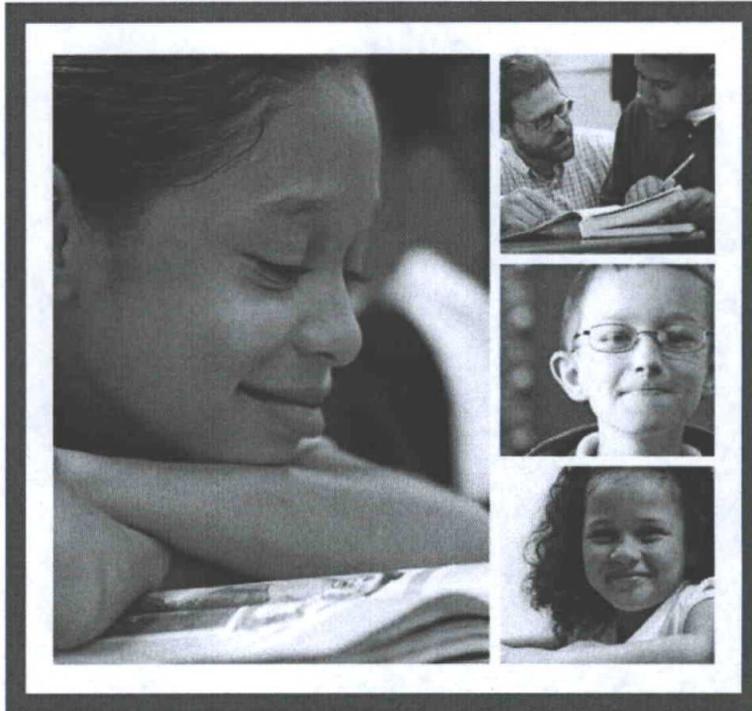


# INSPIRE CHARTER ACADEMY, INC.



## Financial Statements, Additional Information, and Federal Awards Supplemental Information as of and for the Year Ended June 30, 2014, and Independent Auditor's Reports

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. This report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.



Release Date NOV 26 2014

**INSPIRE CHARTER ACADEMY, INC.**

**TABLE OF CONTENTS**

---

|  | <b>Page</b> |
|--|-------------|
| INDEPENDENT AUDITORS' REPORT   | 1-2         |
| FINANCIAL STATEMENTS AS OF AND FOR THE YEAR JUNE 30, 2014:   |             |
| Statement of Financial Position  | 3           |
| Statement of Activities and Change in Net Assets   | 4           |
| Statement of Cash Flows  | 5           |
| Statement of Functional Expenses   | 6           |
| Notes to Financial Statements  | 7-10        |
| REPORT ON INTERNAL CONTROL OVER FINANCIAL<br>REPORTING ON COMPLIANCE AND OTHER MATTERS BASED ON AN<br>AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH<br><i>GOVERNMENT AUDITING STANDARDS</i> | 11-12       |
| SUPPLEMENTAL INFORMATION   | 13          |
| REPORT ON COMPLIANCE FOR THE MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL<br>CONTROL OVER COMPLIANCE  | 14-15       |
| Schedule of Expenditures of Federal Awards   | 16          |
| Notes to Schedule of Expenditures of Federal Awards  | 17          |
| Schedule of Findings and Questioned Costs  | 18-19       |

## Independent Auditor's Report

To the Board of Directors  
Inspire Charter Academy, Inc.

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Inspire Charter Academy, Inc. (the "Academy"), which comprise the statement of financial position as of June 30, 2014 and the related statements of activities and change in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Inspire Charter Academy, Inc. as of June 30, 2014 and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

To the Board of Directors  
Inspire Charter Academy, Inc.

*Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Inspire Charter Academy, Inc.'s financial statements. The schedule of expenditures of federal awards, as identified in the table of contents, as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for the purpose of additional analysis and are not a required part of the financial statements.

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated November 7, 2014 on our consideration of Inspire Charter Academy, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Inspire Charter Academy, Inc.'s internal control over financial reporting and compliance.

*Plante & Moran, PLLC*

November 7, 2014

**INSPIRE CHARTER ACADEMY, INC.**

**STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2014**

---

**ASSETS**

**CURRENT ASSETS:**

|                                       |    |                |
|---------------------------------------|----|----------------|
| Cash                                  | \$ | 51,811         |
| Due from governmental revenue sources |    | <u>732,822</u> |
| Total current assets                  |    | <u>784,633</u> |

**NON-CURRENT ASSETS:**

|   |  |                |
|---|--|----------------|
| Capital assets  |  | 12,065         |
| Less accumulated depreciation                         |  | <u>(4,926)</u> |
| Total capital assets, net of accumulated depreciation |  | <u>7,139</u>   |

**TOTAL** **\$** 791,772

**LIABILITIES AND NET ASSETS**

**SHORT TERM LIABILITIES - Contracted service fee payable** **\$** 732,822

**NET ASSETS - Unrestricted and undesignated** **58,950**

**TOTAL** **\$** 791,772

See notes to financial statements.

# INSPIRE CHARTER ACADEMY, INC.

## STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS YEAR ENDED JUNE 30, 2014

---

### REVENUES GAINS AND OTHER SUPPORT:

|                            |    |                  |
|----------------------------|----|------------------|
| State aid                  | \$ | 7,231,390        |
| Federal sources            |    | 568,924          |
| Private sources            |    | 23,442           |
| In-kind contribution - NHA |    | <u>35,000</u>    |
| Total revenues             |    | <u>7,858,756</u> |

### EXPENSES:

|                                    |  |                  |
|------------------------------------|--|------------------|
| Contracted services fee            |  | 7,823,757        |
| Expenses of the Board of Directors |  | 33,704           |
| Depreciation                       |  | <u>1,206</u>     |
| Total expenses                     |  | <u>7,858,667</u> |

CHANGE IN NET ASSETS 89

### NET ASSETS:

|                   |    |                      |
|-------------------|----|----------------------|
| Beginning of year |    | <u>58,861</u>        |
| End of year       | \$ | <u><u>58,950</u></u> |

See notes to financial statements.

# INSPIRE CHARTER ACADEMY

## STATEMENT OF CASH FLOWS YEAR ENDED JUNE 30, 2014

---

### CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES:

|   |                    |
|---|--------------------|
| State aid                                 | \$ 7,189,545       |
| Federal sources                           | 548,480            |
| Private sources                           | 23,442             |
| Payments for services rendered            | <u>(7,760,172)</u> |
| Net cash provided by operating activities | <u>1,295</u>       |
| NET INCREASE IN CASH                      | 1,295              |
| CASH - Beginning of Year                  | <u>50,516</u>      |
| CASH - End of Year                        | <u>\$ 51,811</u>   |

### RECONCILIATION OF CHANGE IN NET ASSETS TO CASH PROVIDED BY OPERATING ACTIVITIES:

|  |                  |
|--|------------------|
| Change in net assets   | \$ 89            |
| Depreciation expense   | 1,206            |
| Adjustments to reconcile change in net assets to<br>net cash provided by operating activities: |                  |
| Change in due from governmental revenue sources  | 62,289           |
| Change in contracted service fee payable   | <u>(62,289)</u>  |
| NET CASH PROVIDED BY OPERATING ACTIVITIES  | <u>\$ 1,295</u>  |
| NON-CASH ACTIVITIES:   |                  |
| Contribution from NHA  | <u>\$ 35,000</u> |

See notes to financial statements.

**INSPIRE CHARTER ACADEMY, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES  
FOR INSPIRE CHARTER ACADEMY  
YEAR ENDED JUNE 30, 2014**

|                                    | <u>Program Services</u><br>Regular and Special<br>Education | <u>Supporting Services</u><br>Management<br>and General | Total               |
|------------------------------------|---|---|---------------------|
| Contracted Service Fee:            |   |   |                     |
| Instruction:                       |   |   |                     |
| Regular Education Programs         | \$ 2,291,719  | \$ -  | \$ 2,291,719        |
| Special Education Programs         | 228,157   | -   | 228,157             |
| Other Instructional Programs       | 303,071   | -   | 303,071             |
| Support Services:                  |   |   |                     |
| Pupil Support Services             | 136,391   | -   | 136,391             |
| Instructional Staff Services       | 432,065   | 230,976   | 663,041             |
| General Administration             | 65,361  | 480,661   | 546,022             |
| School Administration              | 298,137   | 501,547   | 799,684             |
| Business Services                  | -   | 225,311   | 225,311             |
| Operations and Maintenance         | 1,481,848   | 18,835  | 1,500,683           |
| Central Services                   | -   | 661,343   | 661,343             |
| Other Support Services             | -   | 63,577  | 63,577              |
| Food Services                      | 404,758   | -   | 404,758             |
| Total Contracted Service Fee       | <u>5,641,507</u>  | <u>2,182,250</u>  | <u>7,823,757</u>    |
| Depreciation                       | 1,206   | -   | 1,206               |
| Expenses of the Board of Directors | <u>33,704</u>   | -   | <u>33,704</u>       |
| Total expenses                     | <u>\$ 5,676,417</u>   | <u>\$ 2,182,250</u>                                     | <u>\$ 7,858,667</u> |

See notes to financial statements.

## INSPIRE CHARTER ACADEMY, INC.

### NOTES TO FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2014

---

#### 1. NATURE OF OPERATIONS

Inspire Charter Academy, Inc. (the "Academy") was incorporated on June 16, 2009 as a non-profit corporation under the laws of the State of Louisiana and began operations on July 1, 2010 as a public charter school as defined by the Charter School Demonstration Programs Law, LA. R.S. 17:3971 *et seq.* The Academy provides education based on rigorous teaching methods, parental involvement, student responsibility, and basic moral values. The Academy operates under a charter approved by the East Baton Rouge Parish School Board, which is responsible for oversight of the Academy's operations. The charter expires June 30, 2015, and is subject to renewal. Management believes the charter will be renewed in the ordinary course of business. The Academy provides education, at no cost to the parent, to students in kindergarten through the eighth grade. Enrollment is open to all appropriately aged children without regard to gender, ethnic background, disability, and/or religious affiliation. The School has applied to the Internal Revenue Service for recognition of its exemption from federal income tax under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3).

The Academy's primary source of revenue is provided by the State of Louisiana through its Minimum Foundation Program and consists of an amount per student multiplied by weighted average student counts. The state revenue, which passes through the East Baton Rouge Parish School Board, is recognized ratably over the school year and is funded through payments from July 2013 through June 2014.

The Board of Directors of the Academy has entered into a services agreement (the "agreement") with National Heritage Academies, Inc. (NHA) which requires NHA to provide administration, strategic planning and all labor, materials, equipment, and supervision necessary for the provision of educational services to students. As part of the consideration received under the agreement, NHA also provides the facility in which the Academy operates. The agreement will continue until termination or expiration of the charter contract, unless at least 90 days written notice of intent to terminate or renegotiate is given by either the Academy or NHA.

Under the terms of the agreement, NHA receives as remuneration for its services an amount equal to the total revenue received by the Academy from all revenue sources. Revenues — In-kind contribution — NHA represents a contribution granted by NHA for the excess of Academy expenditures over public revenues available.

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Basis of Accounting** — The financial statements of the Academy are prepared on the accrual basis of accounting whereby revenues are recognized when earned and expenses are recognized when incurred.

**Estimates** — The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("generally accepted accounting

principles”) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses and expenditures during the reporting period. Actual results could differ from those estimates.

**Cash** — Cash as of June 30, 2014 represents bank deposits which are covered by federal depository insurance.

**Capital Assets** — Capital assets consist of other equipment and other property purchased with the proceeds of federal grants with a cost of \$5,000 or more, title to which is retained by the Academy. All other property and equipment used by the Academy is the property of NHA. Capital assets are depreciated over five years.

**The Financial Statements** — The financial statements are presented as follows:

Net assets and changes therein are classified and reported as follows:

- *Unrestricted Net Assets* — Net assets, which are not subject to donor imposed or governmental stipulations. All net assets as of June 30, 2014 are considered to be unrestricted.

Revenues and contributions are reported as follows:

- Revenues, gains and other support are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed or governmental restrictions. Expenses are reported as decreases in unrestricted net assets. Other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or governmental restriction. Expiration of temporary restrictions on net assets (i.e., the donor-stipulated purposes have been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets. For the year ended June 30, 2014, all revenue sources were unrestricted.
- Revenue is recorded when earned, regardless of the timing of related cash flows. Grants are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**Income Taxes** — The Academy operates as a nonprofit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Academy has received notification from the Internal Revenue Service (IRS) that they are considered exempt from Federal income tax under Section 501(c)(3) of the internal revenue code.

The Academy has evaluated its position regarding the accounting for uncertain income tax positions and does not believe that it has any material uncertain tax positions. The Academy recognizes the effect of income tax positions only if the positions are more likely than not of being sustained. Recognized income tax positions are recorded at the largest amount that is greater than 50% likely of being realized upon settlement with a taxing authority that has full knowledge of all relevant information. The determination of whether or not a tax position has met the more-likely-than-not recognition threshold considers the facts, circumstances and other information available at the reporting date and is subject to management's judgment. Changes in the recognition or measurement are reflected in the period in which the change in

judgment occurs. The Academy is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. Management believes it is no longer subject to income tax examinations prior to June 30, 2011.

### 3. RISK MANAGEMENT

The Academy is exposed to various risks of loss related to general liability. Commercial insurance policies to cover certain risks of loss have been obtained. There have been no significant reductions in insurance coverage during fiscal year 2014, and claims did not exceed coverage less retained risk deductible amounts in past fiscal year.

### 4. CONTINGENCIES

The Academy has received proceeds from several federal and state grants. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant monies to the grantor agencies. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the refund of grant monies.

### 5. CAPITAL ASSETS

Capital asset activity of the Academy was as follows:

|   | Beginning<br>Balance | Additions         | Disposals   | Ending<br>Balance |
|---|----------------------|-------------------|-------------|-------------------|
| Other equipment                         | \$ 12,065            | \$ -              | \$ -        | \$ 12,065         |
| Total capital assets at historical cost | <u>12,065</u>        | <u>-</u>          | <u>-</u>    | <u>12,065</u>     |
| Less accumulated depreciation —         |                      |                   |             |                   |
| Other equipment                         | <u>3,720</u>         | <u>1,206</u>      | <u>-</u>    | <u>4,926</u>      |
| Total accumulated depreciation          | <u>3,720</u>         | <u>1,206</u>      | <u>-</u>    | <u>4,926</u>      |
| Total capital assets, net               | <u>\$ 8,345</u>      | <u>\$ (1,206)</u> | <u>\$ -</u> | <u>\$ 7,139</u>   |

### 6. OPERATING LEASE

The Academy has entered into a sublease agreement with NHA for a facility to house the Academy. The lease term is from July 1, 2011 through June 30, 2015. Annual rental payments required by the lease are \$1,044,960, payable in twelve monthly payments of \$87,080.

### 7. COMPENSATION OF BOARD OF DIRECTORS

All members of the Board of Directors serve as volunteers without compensation. By resolution of the Board, Directors may be reimbursed for their reasonable expenses incident to their duties in accordance with applicable laws.

**8. SUBSEQUENT EVENTS**

Events or transactions occurring after June 30, 2014 have been evaluated through November 7, 2014, the date the financial statements were available to be issued. The financial statements and notes thereto do not reflect events or transactions after this date.

\*\*\*\*\*

Report on Internal Control Over Financial Reporting and on Compliance  
and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards*

Independent Auditor's Report

To Management and the Board of Directors  
Inspire Charter Academy, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Inspire Charter Academy, Inc. (the "Academy"), which comprise the statement of financial position as of June 30, 2014, and the related statements of activities and change in net assets and cash flows for the year then ended, and related notes to the financial statements, and have issued our report thereon dated November 7, 2014.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Inspire Charter Academy, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Academy's internal control. Accordingly, we do not express an opinion on the effectiveness of the Academy's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

To Management and the Board of Directors  
Inspire Charter Academy, Inc.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Inspire Charter Academy, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Academy's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Academy's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Plante & Moran, PLLC*

Grand Rapids, Michigan  
November 7, 2014

**SUPPLEMENTAL INFORMATION**



Plante & Moran, PLLC  
Suite 400  
634 Front Avenue N.W.  
Grand Rapids, MI 49504  
Tel: 616.774.8221  
Fax: 616.774.0702  
plantemoran.com

Report on Compliance for the Major Federal Program;  
Report on Internal Control Over Compliance  
Independent Auditor's Report

To the Board of Directors  
Inspire Charter Academy, Inc.

**Report on Compliance for the Major Federal Program**

We have audited Inspire Charter Academy, Inc.'s compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on its major federal program for the year ended June 30, 2014. Inspire Charter Academy, Inc.'s major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal program.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for Inspire Charter Academy, Inc.'s major federal program based on our audit of the types of compliance requirements referred to above.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Inspire Charter Academy, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of Inspire Charter Academy, Inc.'s compliance.

***Opinion on the Major Federal Program***

In our opinion, Inspire Charter Academy, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2014.

To the Board of Directors  
Inspire Charter Academy, Inc.

### **Report on Internal Control Over Compliance**

Management of Inspire Charter Academy, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Inspire Charter Academy, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on its major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Academy's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*Plante & Moran, PLLC*

Grand Rapids, Michigan  
November 7, 2014

# Inspire Charter Academy, Inc.

## Schedule of Expenditures of Federal Awards Year Ended June 30, 2014

| <b>Federal Grantor/Pass-Through Grantor<br/>Program Title</b>   | <b>Award<br/>Number</b> | <b>CFDA<br/>Number</b> | <b>Federal<br/>Expenditures</b> |
|---|-------------------------|------------------------|---------------------------------|
| United States Department of Education -<br>(Passed through the Louisiana Department of Education) -<br>(Passed through the East Baton Rouge Parish School Board): |                         |                        |                                 |
| Title I Grants to Local Educational Agencies  | N/A                     | 84.010                 | \$ 213,105                      |
| Title I School Improvement  | N/A                     | 84.377                 | <u>(3,109)</u>                  |
| Total U.S. Department of Education  |                         |                        | 209,996                         |
| Department of Agriculture -<br>(Passed through the Louisiana Department of Education) -<br>Child Nutrition Cluster:   |                         |                        |                                 |
| National School Breakfast Program   | N/A                     | 10.553                 | 98,800                          |
| National School Lunch Program   | N/A                     | 10.555                 | <u>260,128</u>                  |
| Total U.S. Department of Agriculture  |                         |                        | <u>358,928</u>                  |
| Total Federal Financial Assistance  |                         |                        | <u>\$ 568,924</u>               |

See Notes to Schedule of Expenditures  
of Federal Awards.

# Inspire Charter Academy, Inc.

---

## Notes to Schedule of Expenditures of Federal Awards Year Ended June 30, 2014

### Note 1 - Basis of Presentation and Significant Accounting Policies

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Inspire Charter Academy, Inc. under programs of the federal government for the year ended June 30, 2014. Expenditures reported on the Schedule are reported on the same basis of accounting as the financial statements, although the basis for determining when federal awards are expended is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. In addition, expenditures reported on the Schedule are recognized following the cost principles contained in OMB Circular A-87, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

Because the Schedule presents only a selected portion of the operations of Inspire Charter Academy, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows, if applicable, of Inspire Charter Academy, Inc. Pass-through entity identifying numbers are presented where available.

### Note 2 - Reconciliation to the Basic Financial Statements

Since revenues are recognized to the extent expenditures are incurred, expenditures are readily identifiable with the revenue reported.

# Inspire Charter Academy, Inc.

## Schedule of Findings and Questioned Costs Year Ended June 30, 2014

### Section I - Summary of Auditor's Results

#### Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?        Yes   X   No
- Significant deficiency(ies) identified that are not considered to be material weaknesses?        Yes   X   None reported

Noncompliance material to financial statements noted?

       Yes   X   No

#### Federal Awards

Internal control over major programs:

- Material weakness(es) identified?        Yes   X   No
- Significant deficiency(ies) identified that are not considered to be material weaknesses?        Yes   X   None reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?

       Yes   X   No

Identification of major programs:

| <u>CFDA Numbers</u> | <u>Name of Federal Program or Cluster</u> |
|---------------------|---|
| 10.555              | Child Nutrition Cluster                   |
| 10.553              | Child Nutrition Cluster                   |

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee?   X   Yes        No

# **Inspire Charter Academy, Inc.**

---

## **Schedule of Findings and Questioned Costs (Continued) Year Ended June 30, 2014**

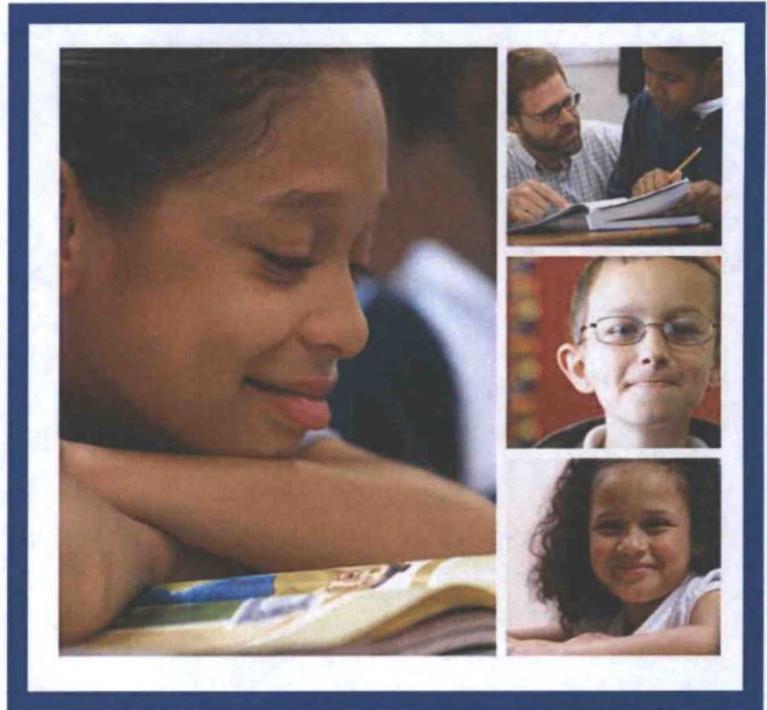
### **Section II - Financial Statement Audit Findings**

None

### **Section III - Federal Program Audit Findings**

None

# INSPIRE CHARTER ACADEMY, INC.



Schedules Required by Louisiana State Law (R.S. 24:514 Performance and Statistical Data) and Independent Accountant's Report on Applying Agreed –Upon Procedures

# **INSPIRE CHARTER ACADEMY, INC.**

## **TABLE OF CONTENTS**

---

|  | <b>Page</b> |
|--|-------------|
| Independent Accountant's Report on Applying Agreed-upon Procedures                         | 2-5         |
| Schedules Required by Louisiana State Law (R.S. 24:514 – Performance and Statistical Data) | 6-7         |
| General Fund Instructional and Support Expenditures and Certain Local Revenue Sources      | 8           |
| Education Levels of Public School Staff  | 9           |
| Number and Type of Public Schools  | 10          |
| Experience of Public Principals, Deans, and Full Time Classroom Teachers                   | 11          |
| Public School Staff Data   | 12          |
| Class Size Characteristics   | 13          |
| Louisiana Educational Assessment Program (LEAP)  | 14          |
| Graduation Exit Exam   | 15          |
| iLEAP Test Results   | 16          |

Independent Accountant's Report on  
Applying Agreed-upon Procedures

To the Board of Directors  
Inspire Charter Academy, Inc.  
5454 N. Foster Drive  
Baton Rouge, LA 70805

Dear Board Members:

We have performed the procedures enumerated below, which were agreed to by Inspire Charter Academy, Inc. (the "Academy") solely to assist users in evaluating management's preparation of the performance and statistical data schedules required by Louisiana State Law (R.S. 24:514 Performance and Statistical Data) relating to Inspire Charter Academy, Inc. for the year ended June 30, 2014. The Academy's management is responsible for its performance and statistical data. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the Louisiana Department of Education, the Louisiana Legislature, and the Legislative Auditor, State of Louisiana. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures that we performed and our findings are as follows:

***General Fund Instructional and Support Expenditures and Certain Local Revenue Sources (Schedule 1)***

1. We selected a random sample of 25 transactions and reviewed supporting documentation to determine if the sampled expenditures/revenues were classified correctly and were reported in the proper amounts for each of the following amounts reported on the schedule:
  - Total General Fund Instructional Expenditures
  - Total General Fund Equipment Expenditures
  - Total Local Taxation Revenue
  - Total Local Earnings on Investment in Real Property
  - Total State Revenue in Lieu of Taxes
  - Nonpublic Textbook Revenue
  - Nonpublic Transportation Revenue

**Exception Noted:** None.

***Education Levels of Public School Staff (Schedule 2)***

2. We reconciled the total number of full-time classroom teachers per the schedule "Experience of Public Principals, Assistant Principals, and Full-time Classroom Teachers" (Schedule 4) to the combined total number of full-time classroom teachers per this schedule and to school board supporting payroll records as of October 1, 2013.

**Exception Noted:** None.

3. We reconciled the combined total of principals and assistant principals per the schedule "Experience of Public Principals, Assistant Principals, and Full-time Classroom Teachers" (Schedule 4) to the combined total of principals and assistant principals per this schedule.

**Exception Noted:** None.

4. We obtained a list of full-time teachers, principals, and assistant principals by classification as of October 1, 2013 and as reported on the schedule. We traced a random sample of 25 teachers to the individual's personnel file and determined if the individual's education level was properly classified on the schedule.

**Exception Noted:** Based on a review of the personnel file, one individual was shown as having been awarded a Master's degree while the schedule indicates the individual was awarded a Bachelor's degree.

**Management Response:** The Company utilized the individual's employee application to update the Profile of Educational Personnel report. On the application, the individual indicated highest level of education completed as a Bachelor's degree while the individual's certification indicates a Master's degree. The Company has updated Schedule 2 to reflect the appropriate education levels as reported herein, although the change will not be reflected until the October 1, 2014, Profile of Educational Personnel report.

***Number and Type of Public Schools (Schedule 3)***

5. We obtained a list of schools by type as reported on the schedule. We compared the list to the schools and grade levels as reported on the Title 1 Grants to Local Educational Agencies (CFDA 84.010) application and/or the National School Lunch Program (CFDA 10.555) application.

**Exception Noted:** None.

***Experience of Public Principals, Assistant Principals, and Full-time Classroom Teachers (Schedule 4)***

6. We obtained a list of full-time teachers, principals, and assistant principals by classification as of October 1, 2013 and as reported on the schedule and traced the same sample used in Procedure 4 to the individual's personnel file and determined if the individual's experience was properly classified on the schedule.

**Exception Noted:** None.

***Public School Staff Data: Average Salaries (Schedule 5)***

7. We obtained a list of all classroom teachers including their base salary, extra compensation, and ROTC or rehired retiree status as well as full-time equivalent as reported on the schedule and traced a random sample of 25 teachers to the individual's personnel file and determined if the individual's salary, extra compensation, and the full-time equivalents were properly included on the schedule.

**Exception Noted:** None.

8. We recalculated the average salaries and full-time equivalents reported in the schedule.

**Exception Noted:** None.

***Class Size Characteristics (Schedule 6)***

9. We obtained a list of classes by school, school type, and class size as reported on the schedule and reconciled school type classifications to Schedule 3 data, as obtained in Procedure 5. We then traced a random sample of 10 classes to the October 1, 2013 roll books for those classes and determined if the class was properly classified on the schedule.

**Exception Noted:** None.

***Louisiana Educational Assessment Program (LEAP) (Schedule 7)***

10. We obtained test scores as provided by the testing authority and reconciled scores as reported by the testing authority to scores reported in the schedule by Inspire Charter Academy, Inc.

**Exception Noted:** None.

***Graduation Exit Examination (GEE) (Schedule 8)***

11. As Inspire Charter Academy, Inc. is an elementary school, this schedule does not apply.

***iLEAP Tests (Schedule 9)***

12. We obtained test scores as provided by the testing authority and reconciled scores as reported by the testing authority to scores reported in the schedule by Inspire Charter Academy, Inc.

**Exception Noted:** None.

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion on the specified elements, accounts, or items. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the specific party above and is not intended to be, and should not be, used by anyone other than this specified party.

*Plante & Moran, PLLC*

September 24, 2014

**INSPIRE CHARTER ACADEMY, INC.**

**Schedules Required by Louisiana State Law**

**(R.S. 24:514 – Performance and Statistical Data)**

**As of and for the year ended June 30, 2014**

---

**Schedule 1 – General Fund Instructional and Support Expenditures and Certain Local Revenue Sources**

This schedule includes general fund instructional and equipment expenditures. It also contains local taxation revenue, earnings on investments, revenue in lieu of taxes, and nonpublic textbook and transportation revenue. This data is used either in the Minimum Foundation Program (MFP) formula or is presented annually in the MFP 70% Expenditure Requirement Report.

**Schedule 2 – Education Levels of Public School Staff**

This schedule includes the certificated and uncertificated number and percentage of full time classroom teachers and the number and percentage of principals and deans with less than a Bachelor's, Master's, Master's +30, Specialist in Education, and Ph.D. or Ed.D. degrees. This data is currently reported to the Legislature in the Annual Financial and Statistical Report (AFSR).

**Schedule 3 – Number and Type of Public Schools**

This schedule includes the number of elementary, middle/junior high, secondary, and combination schools in operation during the fiscal year. This data is currently reported to the Legislature in the Annual Financial and Statistical Report (AFSR).

**Schedule 4 – Experience of Public Principals, Deans, and Full Time Classroom Teachers**

This schedule includes the number of years of experience in teaching for principals, deans, and full time classroom teachers. This data is currently reported to the Legislature in the Annual Financial and Statistical Report (AFSR).

**Schedule 5 – Public School Staff Data**

This schedule includes average classroom teachers' salary using full time equivalents, including and excluding ROTC and rehired retiree teachers. This data is currently reported to the Legislature in the Annual Financial and Statistical Report (AFSR).

**Schedule 6 – Class Size Characteristics**

This schedule includes the percent and number of classes with student enrollment in the following ranges 1-20, 21-26, 27-33, and 34+ students.

**Schedule 7 – Louisiana Educational Assessment Program (LEAP)**

This schedule represents student performance testing data and includes summary scores by district for grades 4 and 8 in each category tested. Scores are reported as Advanced, Mastery Basic, Approaching Basic, and Unsatisfactory.

**Schedule 8 – Graduation Exit Exam**

Not applicable.

**Schedules 9 – iLEAP Test Results**

This schedule represents student performance testing data and includes a summary score for grades 3, 5, 6, and 7 for each district. The summary score reported is the Percentile Rank showing relative position or rank as compared to a large, representative sample of students in the same grade from the state. This schedule includes one year of data.

**INSPIRE CHARTER ACADEMY, INC.  
BATON ROUGE, LOUISIANA**

**Schedule 1**

**General Fund Instructional and Support Expenditures and Certain Local Revenue Sources  
For the Year Ended June 30, 2014**

**General Fund Instructional and Equipment Expenditures**

|   |              |                     |
|---|--------------|---------------------|
| <b>General Fund Instructional Expenditures</b>          |              |                     |
| Teacher and Student Interaction Activities              |              |                     |
| Classroom Teacher Salaries                              | \$ 1,558,083 |                     |
| Other Instructional Staff Salaries                      | 87,186       |                     |
| Instructional Staff Employee Benefits                   | 469,568      |                     |
| Purchased Professional and Technical Services           | 69,622       |                     |
| Instructional Materials and Supplies                    | 241,609      |                     |
| Instructional Equipment                                 | 78,955       |                     |
|   | <hr/>        |                     |
| <b>Total Teacher and Student Interaction Activities</b> |              | <b>\$ 2,505,023</b> |
| <b>Other Instructional Activities</b>                   | 28,206       |                     |
| <b>Pupil Support Services</b>                           | 229,446      |                     |
| Less: Equipment for Pupil Support Services              | -            |                     |
|   | <hr/>        |                     |
| <b>Net Pupil Support Services</b>                       |              | <b>229,446</b>      |
| <b>Instructional Staff Services</b>                     | 299,776      |                     |
| Less: Equipment for Instructional Staff Services        | -            |                     |
|   | <hr/>        |                     |
| <b>Net Instructional Staff Services</b>                 |              | <b>299,776</b>      |
| <b>School Administration</b>                            | 580,022      |                     |
| Less: Equipment for School Administration               | -            |                     |
|   | <hr/>        |                     |
| <b>Net School Administration</b>                        |              | <b>580,022</b>      |
|   |              | <hr/>               |
| <b>Total General Fund Instructional Expenditures</b>    |              | <b>\$ 3,614,267</b> |
|   |              | <hr/>               |
| <b>Total General Fund Equipment Expenditures</b>        |              | <b>\$ 78,955</b>    |

**Certain Local Revenue Sources**

|   |       |             |
|---|-------|-------------|
| <b>Local Taxation Revenue</b>                               |       |             |
| Constitutional Ad Valorem Taxes                             | \$ -  |             |
| Renewable Ad Valorem Tax                                    | -     |             |
| Debt Service Ad Valorem Tax                                 | -     |             |
| Up to 1% of Collections by the Sheriff on Taxes             | -     |             |
| Other than School Taxes                                     | -     |             |
| Sales and Use Taxes   | -     |             |
|   | <hr/> |             |
| <b>Total Local Taxation Revenue</b>                         |       | <b>\$ -</b> |
| <b>Local Earnings on Investment in Real Property</b>        |       |             |
| Earnings from 18th Section Property                         | \$ -  |             |
| Earnings from Other Real Property                           | -     |             |
|   | <hr/> |             |
| <b>Total Local Earnings on Investments in Real Property</b> |       | <b>\$ -</b> |
| <b>State Revenue in Lieu of Taxes</b>                       |       |             |
| Revenue Sharing - Constitutional Tax                        | \$ -  |             |
| Revenue Sharing - Other Taxes                               | -     |             |
| Revenue Sharing - Excess Portion                            | -     |             |
| Other Revenue in Lieu of Taxes                              | -     |             |
|   | <hr/> |             |
| <b>Total State Revenue in Lieu of Taxes</b>                 |       | <b>\$ -</b> |
| Nonpublic Textbook Revenue                                  | \$ -  |             |
| Nonpublic Transportation Revenue                            | \$ -  |             |

See independent accountant's report on applying agreed-upon procedures.

**INSPIRE CHARTER ACADEMY, INC.**  
**BATON ROUGE, LOUISIANA**  
**Education Levels of Public School Staff**  
**As of October 1, 2013**

**Schedule 2**

| Category                      | Full Time Classroom Teachers |             |                |          | Principals & Deans |             |                |          |
|-------------------------------|------------------------------|-------------|----------------|----------|--------------------|-------------|----------------|----------|
|                               | Certificated                 |             | Uncertificated |          | Certificated       |             | Uncertificated |          |
|                               | Number                       | Percent     | Number         | Percent  | Number             | Percent     | Number         | Percent  |
| Less than a Bachelor's Degree | -                            | -           | -              | -        | -                  | -           | -              | -        |
| Bachelor's Degree             | 24                           | 83%         | -              | -        | 1                  | 20%         | -              | -        |
| Master's Degree               | 5                            | 17%         | -              | -        | 4                  | 80%         | -              | -        |
| Master's Degree + 30          | -                            | -           | -              | -        | -                  | -           | -              | -        |
| Specialist in Education       | -                            | -           | -              | -        | -                  | -           | -              | -        |
| Ph. D. or Ed. D.              | -                            | -           | -              | -        | -                  | -           | -              | -        |
| <b>Total</b>                  | <b>29</b>                    | <b>100%</b> | <b>-</b>       | <b>-</b> | <b>5</b>           | <b>100%</b> | <b>-</b>       | <b>-</b> |

See independent accountant's report on applying agreed-upon procedures.

**INSPIRE CHARTER ACADEMY, INC.**  
**BATON ROUGE, LOUISIANA**  
**Number and Type of Public Schools**  
**For the Year Ended June 30, 2014**

---

**Schedule 3**

| <b>Type</b>     | <b>Number</b> |
|-----------------|---------------|
| Elementary      | 1             |
| Middle/Jr. High | -             |
| Secondary       | -             |
| Combination     | -             |
| <b>Total</b>    | <b>1</b>      |

See independent accountant's report on applying agreed-upon procedures.

**INSPIRE CHARTER ACADEMY, INC.  
 BATON ROUGE, LOUISIANA  
 Experience of Public Principals, Deans,  
 and Full Time Classroom Teachers  
 As of October 1, 2013**

**Schedule 4**

|                    | <b>0 - 1 Yr.</b> | <b>2 - 3 Yrs.</b> | <b>4 - 10 Yrs.</b> | <b>11 - 14 Yrs.</b> | <b>15 - 19 Yrs.</b> | <b>20 - 24 Yrs.</b> | <b>25+ Yrs.</b> | <b>Total</b> |
|--------------------|------------------|-------------------|--------------------|---------------------|---------------------|---------------------|-----------------|--------------|
| Principals         | 1                | -                 | -                  | -                   | -                   | -                   | -               | 1            |
| Deans              | 4                | -                 | -                  | -                   | -                   | -                   | -               | 4            |
| Classroom Teachers | 18               | 6                 | 1                  | 1                   | 1                   | -                   | 2               | 29           |
| <b>Total</b>       | <b>23</b>        | <b>6</b>          | <b>1</b>           | <b>1</b>            | <b>1</b>            | <b>0</b>            | <b>2</b>        | <b>34</b>    |

See independent accountant's report on applying agreed-upon procedures.

**INSPIRE CHARTER ACADEMY, INC.**  
**BATON ROUGE, LOUISIANA**  
**Public School Staff Data**  
**For the Period July 1, 2013 Through June 30, 2014**

**Schedule 5**

|   | <b>All Classroom<br/>Teachers</b> | <b>Classroom Teachers<br/>Excluding ROTC,<br/>Rehired Retirees, and<br/>Flagged Salary<br/>Reductions</b> |
|---|-----------------------------------|---|
| <b>Average Classroom Teachers'<br/>Salary Including Extra<br/>Compensation</b>                        | \$45,711.50                       | \$45,711.50   |
| <b>Average Classroom Teachers'<br/>Salary Excluding Extra<br/>Compensation</b>                        | \$44,838.10                       | \$44,838.10   |
| <b>Number of Teacher Full Time<br/>Equivalents (FTEs) Used in<br/>Computation of Average Salaries</b> | 29                                | 29  |

See independent accountant's report on applying agreed-upon procedures.

INSPIRE CHARTER ACADEMY, INC.  
 BATON ROUGE, LOUISIANA  
 Class Size Characteristics  
 As of October 1, 2013

Schedule 6

| School Type | Class Size Range |        |         |        |         |        |         |        |
|-------------|------------------|--------|---------|--------|---------|--------|---------|--------|
|             | 1 - 20           |        | 21 - 26 |        | 27 - 33 |        | 34 +    |        |
|             | Percent          | Number | Percent | Number | Percent | Number | Percent | Number |
| Elementary  | 19%              | 5      | 62%     | 16     | 15%     | 4      | 4%      | 1      |

See independent accountant's report on applying agreed-upon procedures.

**INSPIRE CHARTER ACADEMY, INC.**  
**BATON ROUGE, LOUISIANA**  
**Louisiana Educational Assessment Program (LEAP)**  
**For the Year Ended June 30, 2014**

Schedule 7

| District Achievement<br>Level Results | English Language Arts |             |           |             |           |             | Mathematics |             |           |             |           |             | Science   |             |           |             |           |             | Social Studies |             |           |             |           |             |           |             |           |             |           |             |
|---------------------------------------|-----------------------|-------------|-----------|-------------|-----------|-------------|-------------|-------------|-----------|-------------|-----------|-------------|-----------|-------------|-----------|-------------|-----------|-------------|----------------|-------------|-----------|-------------|-----------|-------------|-----------|-------------|-----------|-------------|-----------|-------------|
|                                       | 2013                  |             | 2012      |             | 2011      |             | 2013        |             | 2012      |             | 2011      |             | 2013      |             | 2012      |             | 2011      |             | 2013           |             | 2012      |             | 2011      |             |           |             |           |             |           |             |
|                                       | Nbr.                  | %           | Nbr.      | %           | Nbr.      | %           | Nbr.        | %           | Nbr.      | %           | Nbr.      | %           | Nbr.      | %           | Nbr.      | %           | Nbr.      | %           | Nbr.           | %           | Nbr.      | %           | Nbr.      | %           |           |             |           |             |           |             |
| <b>Grade 4</b>                        |                       |             |           |             |           |             |             |             |           |             |           |             |           |             |           |             |           |             |                |             |           |             |           |             |           |             |           |             |           |             |
| Advanced                              | 3                     | 3%          | 1         | 1%          | 1         | 1%          | 3           | 3%          | 2         | 3%          | -         | 0%          | 1         | 1%          | 1         | 1%          | 0         | 0%          | 1              | 1%          | 1         | 1%          | 0         | 0%          | 0         | 0%          | 0         | 0%          | 0         | 0%          |
| Mastery                               | 11                    | 13%         | 8         | 10%         | 5         | 10%         | 8           | 10%         | 10        | 12%         | 2         | 3%          | 3         | 4%          | 2         | 3%          | 0         | 0%          | 1              | 1%          | 5         | 6%          | 0         | 0%          | 0         | 0%          | 0         | 0%          | 0         | 0%          |
| Basic                                 | 45                    | 56%         | 22        | 28%         | 20        | 39%         | 41          | 51%         | 26        | 32%         | 18        | 34%         | 23        | 29%         | 21        | 27%         | 12        | 22%         | 27             | 33%         | 27        | 34%         | 20        | 39%         | 20        | 39%         | 20        | 39%         | 20        | 39%         |
| Approaching Basic                     | 15                    | 19%         | 29        | 37%         | 14        | 26%         | 14          | 17%         | 21        | 27%         | 19        | 38%         | 36        | 44%         | 33        | 41%         | 26        | 50%         | 29             | 36%         | 19        | 24%         | 15        | 28%         | 15        | 28%         | 15        | 28%         | 15        | 28%         |
| Unsatisfactory                        | 7                     | 9%          | 19        | 24%         | 12        | 24%         | 15          | 19%         | 20        | 26%         | 13        | 25%         | 18        | 22%         | 22        | 28%         | 14        | 28%         | 23             | 29%         | 27        | 35%         | 17        | 33%         | 17        | 33%         | 17        | 33%         | 17        | 33%         |
| <b>Total</b>                          | <b>81</b>             | <b>100%</b> | <b>79</b> | <b>100%</b> | <b>52</b> | <b>100%</b> | <b>81</b>   | <b>100%</b> | <b>79</b> | <b>100%</b> | <b>52</b> | <b>100%</b> | <b>81</b> | <b>100%</b> | <b>79</b> | <b>100%</b> | <b>52</b> | <b>100%</b> | <b>81</b>      | <b>100%</b> | <b>79</b> | <b>100%</b> | <b>52</b> | <b>100%</b> | <b>81</b> | <b>100%</b> | <b>79</b> | <b>100%</b> | <b>52</b> | <b>100%</b> |

See independent accountant's report on applying agreed-upon procedures.

**INSPIRE CHARTER ACADEMY, INC.  
BATON ROUGE, LOUISIANA  
Graduation Exit Exam  
For the Year Ended June 30, 2014**

---

**Schedule 8**

Inspire Charter Academy is an elementary school, therefore this schedule does not apply.

| District Achievement Level Results | English Language Arts |      |      |      |      |      | Mathematics |      |      |      |      |      | Science |      |      |      |      |      | Social Studies |      |      |      |      |      |    |      |    |      |    |      |
|------------------------------------|-----------------------|------|------|------|------|------|-------------|------|------|------|------|------|---------|------|------|------|------|------|----------------|------|------|------|------|------|----|------|----|------|----|------|
|                                    | 2013                  |      | 2012 |      | 2011 |      | 2013        |      | 2012 |      | 2011 |      | 2013    |      | 2012 |      | 2011 |      | 2013           |      | 2012 |      | 2011 |      |    |      |    |      |    |      |
|                                    | Nbr.                  | %    | Nbr. | %    | Nbr. | %    | Nbr.        | %    | Nbr. | %    | Nbr. | %    | Nbr.    | %    | Nbr. | %    | Nbr. | %    | Nbr.           | %    | Nbr. | %    | Nbr. | %    |    |      |    |      |    |      |
| Students                           |                       |      |      |      |      |      |             |      |      |      |      |      |         |      |      |      |      |      |                |      |      |      |      |      |    |      |    |      |    |      |
| Grade 3                            |                       |      |      |      |      |      |             |      |      |      |      |      |         |      |      |      |      |      |                |      |      |      |      |      |    |      |    |      |    |      |
| Advanced                           | 1                     | 1%   | 1    | 1%   | 0    | 0%   | 4           | 5%   | 1    | 1%   | 3    | 4%   | 1       | 1%   | 1    | 1%   | 0    | 0%   | 1              | 1%   | 1    | 1%   | 1    | 1%   | 0  | 0%   | 1  | 1%   | 0  | 0%   |
| Mastery                            | 11                    | 15%  | 1    | 1%   | 5    | 6%   | 6           | 8%   | 3    | 4%   | 3    | 4%   | 5       | 7%   | 3    | 4%   | 3    | 4%   | 5              | 7%   | 1    | 1%   | 1    | 1%   | 3  | 4%   | 1  | 1%   | 3  | 4%   |
| Basic                              | 25                    | 35%  | 24   | 32%  | 30   | 39%  | 27          | 37%  | 25   | 33%  | 33   | 42%  | 22      | 30%  | 16   | 21%  | 22   | 29%  | 23             | 32%  | 26   | 34%  | 29   | 38%  | 26 | 34%  | 29 | 38%  |    |      |
| Approaching Basic                  | 12                    | 16%  | 23   | 31%  | 19   | 25%  | 13          | 18%  | 23   | 32%  | 12   | 16%  | 25      | 35%  | 36   | 47%  | 24   | 31%  | 19             | 27%  | 18   | 24%  | 20   | 25%  | 18 | 24%  | 20 | 25%  |    |      |
| Unsatisfactory                     | 24                    | 33%  | 27   | 35%  | 23   | 30%  | 23          | 32%  | 24   | 30%  | 26   | 34%  | 20      | 27%  | 20   | 27%  | 28   | 36%  | 25             | 33%  | 30   | 40%  | 25   | 33%  | 30 | 40%  | 25 | 33%  |    |      |
| Total                              | 73                    | 100% | 76   | 100% | 77   | 100% | 73          | 100% | 76   | 100% | 77   | 100% | 73      | 100% | 76   | 100% | 77   | 100% | 73             | 100% | 76   | 100% | 77   | 100% | 73 | 100% | 76 | 100% | 77 | 100% |

| District Achievement Level Results | English Language Arts |      |      |      |      |      | Mathematics |      |      |      |      |      | Science |      |      |      |      |      | Social Studies |      |      |      |      |      |    |      |    |      |    |      |
|------------------------------------|-----------------------|------|------|------|------|------|-------------|------|------|------|------|------|---------|------|------|------|------|------|----------------|------|------|------|------|------|----|------|----|------|----|------|
|                                    | 2013                  |      | 2012 |      | 2011 |      | 2013        |      | 2012 |      | 2011 |      | 2013    |      | 2012 |      | 2011 |      | 2013           |      | 2012 |      | 2011 |      |    |      |    |      |    |      |
|                                    | Nbr.                  | %    | Nbr. | %    | Nbr. | %    | Nbr.        | %    | Nbr. | %    | Nbr. | %    | Nbr.    | %    | Nbr. | %    | Nbr. | %    | Nbr.           | %    | Nbr. | %    | Nbr. | %    |    |      |    |      |    |      |
| Students                           |                       |      |      |      |      |      |             |      |      |      |      |      |         |      |      |      |      |      |                |      |      |      |      |      |    |      |    |      |    |      |
| Grade 5                            |                       |      |      |      |      |      |             |      |      |      |      |      |         |      |      |      |      |      |                |      |      |      |      |      |    |      |    |      |    |      |
| Advanced                           | 1                     | 2%   | 1    | 1%   | 0    | 0%   | 4           | 5%   | 1    | 1%   | 0    | 0%   | 1       | 2%   | 1    | 1%   | 0    | 0%   | 2              | 2%   | 1    | 1%   | 0    | 0%   | 2  | 3%   | 1  | 1%   | 0  | 0%   |
| Mastery                            | 6                     | 9%   | 2    | 4%   | 0    | 0%   | 4           | 5%   | 5    | 9%   | 0    | 0%   | 2       | 3%   | 1    | 2%   | 0    | 0%   | 2              | 3%   | 1    | 1%   | 0    | 0%   | 2  | 3%   | 1  | 1%   | 0  | 0%   |
| Basic                              | 22                    | 31%  | 17   | 33%  | 10   | 21%  | 24          | 34%  | 14   | 27%  | 10   | 21%  | 19      | 26%  | 8    | 16%  | 2    | 4%   | 27             | 38%  | 9    | 18%  | 15   | 31%  | 9  | 18%  | 15 | 31%  |    |      |
| Approaching Basic                  | 23                    | 32%  | 10   | 20%  | 26   | 52%  | 24          | 34%  | 17   | 32%  | 22   | 45%  | 28      | 40%  | 21   | 41%  | 35   | 72%  | 26             | 37%  | 21   | 41%  | 22   | 45%  | 26 | 37%  |    |      |    |      |
| Unsatisfactory                     | 19                    | 26%  | 22   | 42%  | 13   | 27%  | 15          | 22%  | 15   | 31%  | 17   | 34%  | 21      | 29%  | 21   | 40%  | 12   | 24%  | 14             | 20%  | 20   | 39%  | 12   | 24%  |    |      |    |      |    |      |
| Total                              | 71                    | 100% | 52   | 100% | 49   | 100% | 71          | 100% | 52   | 100% | 49   | 100% | 71      | 100% | 52   | 100% | 49   | 100% | 71             | 100% | 52   | 100% | 49   | 100% | 71 | 100% | 52 | 100% | 49 | 100% |

| District Achievement Level Results | English Language Arts |      |      |      |      |     | Mathematics |      |      |      |      |     | Science |      |      |      |      |     | Social Studies |      |      |      |      |     |    |      |     |      |     |     |
|------------------------------------|-----------------------|------|------|------|------|-----|-------------|------|------|------|------|-----|---------|------|------|------|------|-----|----------------|------|------|------|------|-----|----|------|-----|------|-----|-----|
|                                    | 2013                  |      | 2012 |      | 2011 |     | 2013        |      | 2012 |      | 2011 |     | 2013    |      | 2012 |      | 2011 |     | 2013           |      | 2012 |      | 2011 |     |    |      |     |      |     |     |
|                                    | Nbr.                  | %    | Nbr. | %    | Nbr. | %   | Nbr.        | %    | Nbr. | %    | Nbr. | %   | Nbr.    | %    | Nbr. | %    | Nbr. | %   | Nbr.           | %    | Nbr. | %    | Nbr. | %   |    |      |     |      |     |     |
| Students                           |                       |      |      |      |      |     |             |      |      |      |      |     |         |      |      |      |      |     |                |      |      |      |      |     |    |      |     |      |     |     |
| Grade 6                            |                       |      |      |      |      |     |             |      |      |      |      |     |         |      |      |      |      |     |                |      |      |      |      |     |    |      |     |      |     |     |
| Advanced                           | 1                     | 1%   | 1    | 1%   | N/A  | N/A | 1           | 1%   | 2    | 1%   | N/A  | N/A | 1       | 2%   | 1    | 1%   | N/A  | N/A | 4              | 8%   | 1    | 1%   | N/A  | N/A | 1  | 1%   | N/A | N/A  |     |     |
| Mastery                            | 3                     | 6%   | 1    | 1%   | N/A  | N/A | 2           | 4%   | 1    | 1%   | N/A  | N/A | 1       | 2%   | 1    | 1%   | N/A  | N/A | 11             | 20%  | 1    | 1%   | N/A  | N/A | 1  | 1%   | N/A | N/A  |     |     |
| Basic                              | 25                    | 47%  | 16   | 30%  | N/A  | N/A | 29          | 54%  | 17   | 33%  | N/A  | N/A | 25      | 46%  | 11   | 21%  | N/A  | N/A | 30             | 56%  | 9    | 18%  | N/A  | N/A | 9  | 18%  | N/A | N/A  |     |     |
| Approaching Basic                  | 18                    | 34%  | 24   | 47%  | N/A  | N/A | 15          | 27%  | 15   | 31%  | N/A  | N/A | 23      | 42%  | 30   | 57%  | N/A  | N/A | 7              | 12%  | 22   | 43%  | N/A  | N/A | 22 | 43%  |     |      |     |     |
| Unsatisfactory                     | 7                     | 12%  | 10   | 21%  | N/A  | N/A | 7           | 14%  | 17   | 34%  | N/A  | N/A | 4       | 8%   | 9    | 20%  | N/A  | N/A | 2              | 4%   | 19   | 37%  | N/A  | N/A | 19 | 37%  |     |      |     |     |
| Total                              | 54                    | 100% | 52   | 100% | N/A  | N/A | 54          | 100% | 52   | 100% | N/A  | N/A | 54      | 100% | 52   | 100% | N/A  | N/A | 54             | 100% | 52   | 100% | N/A  | N/A | 54 | 100% | 52  | 100% | N/A | N/A |

| District Achievement Level Results | English Language Arts |      |      |     |      |     | Mathematics |      |      |     |      |     | Science |      |      |     |      |     | Social Studies |      |      |     |      |     |    |      |     |     |     |     |
|------------------------------------|-----------------------|------|------|-----|------|-----|-------------|------|------|-----|------|-----|---------|------|------|-----|------|-----|----------------|------|------|-----|------|-----|----|------|-----|-----|-----|-----|
|                                    | 2013                  |      | 2012 |     | 2011 |     | 2013        |      | 2012 |     | 2011 |     | 2013    |      | 2012 |     | 2011 |     | 2013           |      | 2012 |     | 2011 |     |    |      |     |     |     |     |
|                                    | Nbr.                  | %    | Nbr. | %   | Nbr. | %   | Nbr.        | %    | Nbr. | %   | Nbr. | %   | Nbr.    | %    | Nbr. | %   | Nbr. | %   | Nbr.           | %    | Nbr. | %   | Nbr. | %   |    |      |     |     |     |     |
| Students                           |                       |      |      |     |      |     |             |      |      |     |      |     |         |      |      |     |      |     |                |      |      |     |      |     |    |      |     |     |     |     |
| Grade 7                            |                       |      |      |     |      |     |             |      |      |     |      |     |         |      |      |     |      |     |                |      |      |     |      |     |    |      |     |     |     |     |
| Advanced                           | 0                     | 1%   | N/A  | N/A | N/A  | N/A | 1           | 1%   | N/A  | N/A | N/A  | N/A | 0       | 1%   | N/A  | N/A | N/A  | N/A | 0              | 1%   | N/A  | N/A | N/A  | N/A | 0  | 1%   | N/A | N/A | N/A | N/A |
| Mastery                            | 0                     | 1%   | N/A  | N/A | N/A  | N/A | 0           | 1%   | N/A  | N/A | N/A  | N/A | 0       | 1%   | N/A  | N/A | N/A  | N/A | 2              | 4%   | N/A  | N/A | N/A  | N/A | 2  | 4%   | N/A | N/A | N/A | N/A |
| Basic                              | 16                    | 33%  | N/A  | N/A | N/A  | N/A | 26          | 52%  | N/A  | N/A | N/A  | N/A | 17      | 35%  | N/A  | N/A | N/A  | N/A | 33             | 68%  | N/A  | N/A | N/A  | N/A | 33 | 68%  | N/A | N/A | N/A | N/A |
| Approaching Basic                  | 27                    | 55%  | N/A  | N/A | N/A  | N/A | 10          | 22%  | N/A  | N/A | N/A  | N/A | 26      | 52%  | N/A  | N/A | N/A  | N/A | 13             | 26%  | N/A  | N/A | N/A  | N/A | 13 | 26%  | N/A | N/A | N/A | N/A |
| Unsatisfactory                     | 5                     | 10%  | N/A  | N/A | N/A  | N/A | 11          | 24%  | N/A  | N/A | N/A  | N/A | 5       | 11%  | N/A  | N/A | N/A  | N/A | 0              | 1%   | N/A  | N/A | N/A  | N/A | 0  | 1%   | N/A | N/A | N/A | N/A |
| Total                              | 48                    | 100% | N/A  | N/A | N/A  | N/A | 48          | 100% | N/A  | N/A | N/A  | N/A | 48      | 100% | N/A  | N/A | N/A  | N/A | 48             | 100% | N/A  | N/A | N/A  | N/A | 48 | 100% | N/A | N/A | N/A | N/A |

See independent accountant's report on applying agreed-upon procedures.

September 24, 2014

To the Board of Directors  
Inspire Charter Academy, Inc.

We have audited the financial statements of Inspire Charter Academy, Inc. (the "Academy") as of and for the year ended June 30, 2014 and have issued our report thereon dated September 24, 2014. Professional standards require that we provide you with the following information related to our audit.

**Our Responsibility Under U.S. Generally Accepted Auditing Standards**

As stated in our engagement letter dated March 27, 2014, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities. Our responsibility is to plan and perform the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement.

As part of our audit, we considered the internal control of Inspire Charter Academy, Inc. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures specifically to identify such matters.

Our audit of the Academy's financial statements has also been conducted in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States. Under *Government Auditing Standards*, we are obligated to communicate certain matters that come to our attention related to our audit to those responsible for the governance of Inspire Charter Academy, Inc., including compliance with certain provisions of laws, regulations, contracts, grant agreements, certain instances of error or fraud, illegal acts applicable to government agencies, and significant deficiencies in internal control that we identify during our audit. Toward this end, we issued a separate letter dated September 24, 2014 regarding our consideration of the Academy's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements.

**Planned Scope and Timing of the Audit**

We performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matters dated June 1, 2014.

## **Significant Audit Findings**

### ***Qualitative Aspects of Accounting Practices***

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Inspire Charter Academy, Inc. are described in Note 2 to the financial statements.

No new accounting policies were adopted and the application of existing policies was not changed during fiscal year 2014.

We noted no transactions entered into by the Academy during the year for which there is a lack of authoritative guidance or consensus.

We noted no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

There were no significant balances, amounts, or disclosures in the financial statements based on sensitive management estimates.

The disclosures in the financial statements are neutral, consistent, and clear.

### ***Difficulties Encountered in Performing the Audit***

We encountered no significant difficulties in dealing with management in performing and completing our audit.

### ***Disagreements with Management***

For the purpose of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report.

We are pleased to report that no such disagreements arose during the course of our audit.

### ***Corrected and Uncorrected Misstatements***

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management.

We did not detect any misstatements as a result of audit procedures.

***Significant Findings or Issues***

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, business conditions affecting the Academy, and business plans and strategies that may affect the risks of material misstatement with management each year prior to retention as the Academy's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition of our retention.

***Management Representations***

We have requested certain representations from management that are included in the management representation letter dated September 24, 2014.

***Management Consultations with Other Independent Accountants***

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Academy's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

This information is intended solely for the use of the board of directors and management of Inspire Charter Academy, Inc. and is not intended to be and should not be used by anyone other than these specified parties.

We welcome any questions you may have regarding the following communications and we would be willing to discuss any of these or other questions that you might have at your convenience.

Very truly yours,

**Plante & Moran, PLLC**



Michael A. Lamfers, CPA  
Partner



Michelle M. Goss, CPA  
Partner